



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Single Audit

# Maricopa County

June 30, 2002

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**Debra K. Davenport**  
Auditor General

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Maricopa County  
Single Audit Reporting Package  
June 30, 2002

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**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Board of Supervisors of  
Maricopa County, Arizona

We have audited the financial statements of Maricopa County as of and for the year ended June 30, 2002, and have issued our report thereon dated January 21, 2003, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 34 and a change in accounting principle affecting the reporting of compensated absences and due to our reliance on the report of other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we will report to the County's management in a separate letter.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all such internal control matters that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We and the reports of the other auditors noted no matters involving internal control over financial reporting and its operation that we and the other auditors consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we will report to the County's management in a separate letter.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA  
Financial Audit Director

January 21, 2003



**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance in  
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of  
Maricopa County, Arizona

### **Compliance**

We have audited the compliance of Maricopa County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002, except for that portion of the federal programs administered by the Maricopa County Housing Department, which includes the following programs: Public and Indian Housing, Public and Indian Housing Drug Elimination Program, Resident Opportunity and Supportive Services, Section 8 Housing Choice Vouchers, and Public Housing Capital Fund. The Maricopa County Housing Department was audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the Department's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, is based solely on the reports of the other auditors. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit and the reports of the other auditors.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 02-103 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding subrecipient monitoring that are applicable to its Consolidated Knowledge Development and Application Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, based on our audit and the reports of the other auditors, except for the noncompliance described in the preceding paragraph, Maricopa County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 02-101 and 02-102.

### **Internal Control over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 02-101, 02-102, and 02-103.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all such internal control matters that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 02-103 to be a material weakness.

## **Schedule of Expenditures of Federal Awards**

We have audited the County's financial statements as of and for the year ended June 30, 2002, and have issued our report thereon dated January 21, 2003, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 34 and a change in accounting principle affecting the reporting of compensated absences and due to our reliance on the report of other auditors. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, based on our audit and the reports of the other auditors is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA  
Financial Audit Director

April 30, 2003, except for the  
Schedule of Expenditures of Federal  
Awards, for which the date is January 21, 2003

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002

Federal Grantor / Program Title / Pass-Through Grantor	CFDA/ Identifying Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Office of National Drug Control Policy</b>			
High Intensity Drug Trafficking Areas, <i>Pima County</i>	07.I0PSAP549	01-11-M-124247-1097, 01-11-M-125806-1098, 01-11-M-128024-1099	\$ 174,512
 <b>U.S. Department of Agriculture</b>			
Food Donation, <i>Arizona Department of Education</i>	10.550	KR10358	66,580
Child Nutrition Cluster			
School Breakfast Program, <i>Arizona Department of Education</i>	10.553	KR10358	210,885
National School Lunch Program, <i>Arizona Department of Education</i>	10.555	KR10358	322,146
Special Supplemental Nutrition Program for Women, Infants, and Children, <i>Arizona Department of Health Services</i>	10.557	761087, 261057, 261166	6,294,334
Child and Adult Care Food Program, <i>Arizona Department of Education</i>	10.558	09CH7096	152,022
State Administrative Matching Grants for Food Stamp Program, <i>Arizona Department of Health Services</i>	10.561	061002, 161043, 261088	86,060
Commodity Supplemental Food Program, <i>Arizona Department of Health Services</i>	10.565	761117	123,035
Schools and Roads—Grants to States, <i>Arizona State Treasurer</i>	10.665	None	<u>138,882</u>
Total U.S. Department of Agriculture			<u>7,393,944</u>
 <b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grants/Entitlement Grants	14.218		3,224,184
Emergency Shelter Grants Program	14.231		113,955
Supportive Housing Program, <i>META Services, Inc.</i>	14.235	C-86-98-031-1	194,016
HOME Investment Partnerships Program	14.239		4,536,019
Public and Indian Housing	14.850		1,547,827
Public and Indian Housing Drug Elimination Program	14.854		218,516
Resident Opportunity and Supportive Services	14.870		183,298
Section 8 Housing Choice Vouchers	14.871		8,622,922
Public Housing Capital Fund	14.872		1,856,646
Lead-Based Paint Hazard Control in Privately-Owned Housing, <i>City of Phoenix</i>	14.900	92269, 81732	<u>68,030</u>
Total U.S. Department of Housing and Urban Development			<u>20,565,413</u>
 <b>U.S. Department of the Interior</b>			
Payments in Lieu of Taxes	15.226		3,004,417
Reclamation Projects	15.9-07-30-L0298		2,374,138
Taylor Grazing Act	15.unknown		<u>11,933</u>
Total U.S. Department of the Interior			<u>5,390,488</u>
 <b>U.S. Department of Justice</b>			
State Domestic Preparedness Equipment Support Program	16.007		24,986
Juvenile Accountability Incentive Block Grants, <i>Office of the Governor</i>	16.523	99-JAIBG-07	1,817,530
Juvenile Justice and Delinquency Prevention—Allocation to States, <i>Office of the Governor</i>	16.540	A9-0004-010, A0-007-003	2,175
Title V—Delinquency Prevention Program	16.548		99,526
Part E—State Challenge Activities, <i>Office of the Governor</i>	16.549	JC-GRA-01-3273-00	24,756

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002  
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA/ Identifying Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Justice (continued)</b>			
National Criminal History Improvement Program (NCHIP), <i>Arizona Criminal Justice Commission</i>	16.554	NCH-01-089	\$ 54,050
Crime Victim Assistance, <i>Arizona Department of Public Safety</i>	16.575	2001-939, 2000-902, 98-923, 2001-VA-GX-0004	181,730
Crime Victim Compensation, <i>Arizona Criminal Justice Commission</i>	16.576	None	237,410
Byrne Formula Grant Program, <i>Arizona Criminal Justice Commission</i>	16.579	AC-020-02, AC-020-01, PC-020-02, PC-020-01	1,306,576
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		584,411
Drug Court Discretionary Grant Program	16.585		169,567
Violence Against Women Formula Grants, <i>Office of the Governor</i>	16.588	A0-0025-010, AD010270-005	92,481
Local Law Enforcement Block Grants Program	16.592		574,003
Residential Substance Abuse Treatment for State Prisoners, <i>Arizona Criminal Justice Commission</i>	16.593	SAT-02-108	301,375
State Criminal Alien Assistance Program	16.606		8,700,138
Bulletproof Vest Partnership Program	16.607		38,374
Community Prosecution and Project Safe Neighborhoods	16.609		22,688
Public Safety Partnership and Community Policing Grants	16.710		545,408
Enforcing Underage Drinking Laws Program, <i>Governor's Office of Highway Safety</i>	16.727	2001-OJJDP-002, 2001-OJJDP-015	67,869
Federal Equitable Sharing Program	16.unknown		<u>29,282</u>
Total U.S. Department of Justice			<u>14,874,335</u>
<b>U.S. Department of Labor</b>			
Welfare-to-Work Grants to States and Localities, <i>Arizona Department of Economic Security</i>	17.253	E5709062	42,200
Welfare-to-Work Grants to States and Localities, <i>National Association Private Industry Council</i>	17.253	None	2,433
WIA Cluster			
WIA Adult Program, <i>Arizona Department of Economic Security</i>	17.258	E5701001, E5702007	1,705,375
WIA Youth Activities, <i>Arizona Department of Economic Security</i>	17.259	E5701001, E5702007	2,944,453
WIA Dislocated Workers, <i>Arizona Department of Economic Security</i>	17.260	E5701001, E5702007	1,282,896
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261		<u>24,300</u>
Total U.S. Department of Labor			<u>6,001,657</u>
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction, <i>Arizona Department of Transportation</i>	20.205	JPA 97-09, JPA 99-171, JPA 98-131	869,869
Highway Planning and Construction, <i>Maricopa Association of Governments</i>	20.205	MAG#0098	876,794
Federal Transit—Formula Grants, <i>City of Phoenix</i>	20.507	AZ-90-X045, AZ-90-X049, AZ-90-X050	401,718
Job Access—Reverse Commute, <i>City of Phoenix</i>	20.516	AZ-37-X001	715,658
State and Community Highway Safety, <i>Governor's Office of Highway Safety</i>	20.600	2000-AL-027, 200-410-010	<u>40,402</u>
Total U.S. Department of Transportation			<u>2,904,441</u>

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002  
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA/ Identifying Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Environmental Protection Agency</b> Air Pollution Control Program Support	66.001		\$ 950,984
<b>U.S. Department of Energy</b> Weatherization Assistance for Low-Income Persons, <i>Arizona</i> <i>Department of Commerce</i>	81.042	193-00	<u>299,191</u>
<b>U.S. Federal Emergency Management Agency</b> Emergency Food and Shelter National Board Program, <i>United Way</i> Emergency Management Performance Grants, <i>Arizona Department of</i> <i>Emergency and Military Affairs</i>	83.523 83.552	19025600 None	76,540 <u>250,961</u>
Total U.S. Federal Emergency Management Agency			<u>327,501</u>
<b>U.S. Department of Education</b> Adult Education—State Grant Program, <i>Arizona Department of</i> <i>Education</i>	84.002	00-FAE-ABE-0706940-2A, 01-FAE-INF-170694-02A, 01-SAE-ABE-170694-01A	117,500
Title I Grants to Local Educational Agencies, <i>Arizona Department of</i> <i>Education</i>	84.010	02FASDEL-260704-13A	88,494
Special Education—Grants to States, <i>Arizona Department of</i> <i>Education</i>	84.027	00FESCBG-070692-01A, 00FESEJF-070692-02A, 01FESPTA-170692-01A	63,707
Even Start—State Educational Agencies, <i>Arizona Department of</i> <i>Education</i>	84.213	01FAEEVS170694-03C, F6-0001-02	<u>145,135</u>
Total U.S. Department of Education			<u>414,836</u>
<b>U.S. Department of Health and Human Services</b> Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers, <i>Area Agency on Aging</i>	93.044	20027-MHS	286,622
Project Grants and Cooperative Agreements for Tuberculosis Control Programs, <i>Arizona Department of Health Services</i>	93.116	30-4023	187,878
Health Center Grants for Homeless Populations	93.151		1,762,790
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		420,318
Hansen's Disease National Ambulatory Care Program	93.215		42,153
Family Planning—Services, <i>Arizona Family Planning Council</i>	93.217	761111	312,634
Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks, <i>Arizona Department of Health Services</i>	93.229	4UD8T111210-05-2, 5UD8T111210-04, 6UD8T111210-04	291,864
Consolidated Knowledge Development and Application (KD&A) Program	93.230		430,161
Innovative Food Safety Projects	93.245		4,345
Immunization Grants, <i>Arizona Department of Health Services</i>	93.268	152043	3,846,930
Promoting Safe and Stable Families, <i>Child and Family Resources, Inc.</i>	93.556	C-86-01-015-1, C8698030102, C8698052102, C8698052103	55,129
Temporary Assistance for Needy Families, <i>Arizona Department of</i> <i>Economic Security</i>	93.558	E5900018, E5900043, E6301006	1,111,111

(Continued)

See accompanying notes to schedule.

Maricopa County  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002  
(Continued)

Federal Grantor / Program Title / Pass-Through Grantor	CFDA/ Identifying Number (Note 2)	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Health and Human Services (continued)</b>			
Child Support Enforcement, <i>Arizona Department of Economic Security</i>	93.563	E7207025, E7208025, E7202313, E7202213	\$ 1,315,136
Low-Income Home Energy Assistance, <i>Arizona Department of Economic Security</i>	93.568	E6301006	1,164,952
Community Services Block Grant, <i>Arizona Department of Economic Security</i>	93.569	E6307001, E6301006	729,466
Community Services Block Grant—Discretionary Awards	93.570		20,351
Refugee and Entrant Assistance—Discretionary Grants, <i>Arizona Department of Economic Security</i>	93.576	None	130,805
Refugee and Entrant Assistance—Targeted Assistance, <i>Arizona Department of Economic Security</i>	93.584	E6308022	143,159
Head Start	93.600		16,819,009
Runaway and Homeless Youth, <i>Arizona Department of Economic Security</i>	93.623	E4371585	1,577
Children's Justice Grants to States, <i>Office of the Governor</i>	93.643	CJAG 99-55, CJAG 2000-75	48,517
Social Services Block Grant, <i>Arizona Department of Economic Security</i>	93.667	E4311433, E6301006	1,377,891
HIV Emergency Relief Project Grants	93.914		6,129,351
HIV Care Formula Grants, <i>Arizona Department of Health Services</i>	93.917	152065	49,862
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		777,003
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs, <i>Arizona Department of Health Services</i>	93.919	653017	275,517
HIV Prevention Activities—Health Department Based, <i>Arizona Department of Health Services</i>	93.940	152031, 152033, 152022, 152004, 152008	534,592
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance, <i>Arizona Department of Health Services</i>	93.944	152069	128,412
Preventive Health Services—Sexually Transmitted Diseases Control Grants, <i>Arizona Department of Health Services</i>	93.977	052010, 052011, 052012, 252025	433,465
Preventive Health and Health Services Block Grant, <i>Arizona Department of Health Services</i>	93.991	95-2018	142,449
Maternal and Child Health Services Block Grant to the States, <i>Arizona Department of Health Services</i>	93.994	761006, 961111, 16-1026, 152069, 952004, 961083	<u>999,802</u>
Total U.S. Department of Health and Human Services			<u>39,973,251</u>
<b>Social Security Administration</b>			
Social Security—Disability Insurance, <i>Arizona Department of Economic Security</i>	96.001	E5342528	<u>7,375</u>
Total Expenditures of Federal Awards			<u>\$99,277,928</u>

See accompanying notes to schedule.

Maricopa County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Maricopa County and is presented on the modified accrual basis of accounting, except for Schools and Roads—Grants to States (10.665), Payments in Lieu of Taxes (15.226), Taylor Grazing Act (15.unknown), and State Criminal Alien Assistance Program (16.606). For these programs, revenues received during the fiscal year are considered earned and are reported as expenditures. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The amount reported on the schedule for Food Donation (10.550) and \$3,093,066 of the Immunization Grants (93.268) are the value of noncash assistance expended for each of the federal programs.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2002 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the federal contract number was used.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule, the County awarded the following to subrecipients:

Program Title	CFDA Number	Amount
Community Development Block Grants/ Entitlement Grants	14.218	\$ 2,456,342
Emergency Shelter Grants Program	14.231	81,333
HOME Investment Partnerships Program	14.239	4,310,902
Byrne Formula Grant Program	16.579	81,867
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	343,810
WIA Youth Activities	17.259	1,817,564
Highway Planning and Construction	20.205	558,289
Weatherization Assistance for Low-Income Persons	81.042	286,118

(Continued)

Maricopa County  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002  
(Continued)

Note 3 - Subrecipients (Concluded)

Program Title	CFDA Number	Amount
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	\$ 161,234
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	355,960
Consolidated Knowledge Development and Application (KD&A) Program	93.230	241,754
Temporary Assistance for Needy Families	93.558	516,853
Community Services Block Grant	93.569	274,809
Community Services Block Grant—Discretionary Awards	93.570	10,400
Refugee and Entrant Assistance—Targeted Assistance	93.584	70,883
Head Start	93.600	5,982,191
Social Services Block Grant	93.667	180,170
HIV Emergency Relief Project Grants	93.914	3,322,877
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	180,264
Maternal and Child Health Services Block Grant to the States	93.994	<u>8,264</u>
Total Passed Through to Subrecipients		<u>\$21,241,884</u>

Maricopa County  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2002

Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued:	Unqualified	
	<b>Yes</b>	<b>No</b>
Material weaknesses identified in internal control over financial reporting?	_____	X _____
Reportable conditions identified not considered to be material weaknesses?	_____	X _____
Noncompliance material to the financial statements noted?	_____	X _____

**Federal Awards**

Material weaknesses identified in internal control over major programs?	X _____	_____
Reportable conditions identified not considered to be material weaknesses?	X _____	_____
Type of auditors' report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	X _____	_____

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund
16.606	State Criminal Alien Assistance Program
20.507	Federal Transit—Formula Grants
93.230	Consolidated Knowledge Development and Application (KD&A) Program
93.268	Immunization Grants
93.940	HIV Prevention Activities—Health Department Based
93.977	Preventive Health Services—Sexually Transmitted Diseases Control Grants

Dollar threshold used to distinguish between Type A and Type B programs:	\$2,978,338	
Auditee qualified as low-risk auditee?	X _____	_____

**Other Matters**

Auditee's summary schedule of prior audit findings required to be reported in accordance with Circular A-133 (section .315[b])?	X _____	_____
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Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2002

Federal Award Findings and Questioned Costs

02-101

CFDA No.: 16.606 **State Criminal Alien Assistance Program**

**U.S. Department of Justice**

Award Year: July 1, 1999 through June 30, 2000

July 1, 2000 through June 30, 2001

Award Number: 2001-F0910-AZ-AP and 2002-F0291-AZ-AP

Eligibility

Questioned Cost—Unknown

The State Criminal Alien Assistance Program (SCAAP) required the County to submit an online application to the U.S. Department of Justice, Bureau of Justice Assistance in order to receive SCAAP grant monies. Maricopa County's Office of Management and Budget (OMB) completed these applications in fiscal year 2002 for the reporting periods of July 1, 1999 through June 30, 2000 (SCAAP 2001), and July 1, 2000 through June 30, 2001 (SCAAP 2002), using information provided by the Sheriff's Office. Auditors noted that management in the Sheriff's Office did not properly review some of the information provided to OMB to determine if it was accurate and complete. However, OMB did review the information for reasonability and consistency with prior year amounts before completing the application. In addition, the Sheriff's Office failed to retain some of the supporting documentation used to complete these applications. As a result, the Sheriff's Office recreated the necessary detailed documentation to support the amounts submitted on the applications. We noted differences in several amounts reported, and determined that the total number of correctional officer positions reported as employed by the Sheriff's Office was understated by 248 and 164 for the 2001 and 2002 SCAAP applications, respectively. All other differences were determined to be insignificant. Additionally, the total salary costs reported for correctional officers employed during the reporting periods were overstated due to the inclusion of employee benefits and other payroll-related costs included in the calculations that are not allowable in the program guidelines. We determined that the County's calculated costs were overstated by approximately \$5,659,439 and \$5,788,408 due to the inclusion of these costs on the 2001 and 2002 SCAAP applications, respectively. In addition to the reported understatement of correctional officer positions, the County could have claimed additional correctional officer salary costs of approximately \$2,546,145, and \$3,348,829 on the 2001 and 2002 SCAAP applications, respectively. Since the County received federal funding based on a percentage of eligible inmate data, correctional officer salary costs, and facility data for all entities requesting federal assistance, we were unable to calculate the amount of questioned costs or determine if these errors were significant to program monies received.

To comply with program requirements, the County should establish the necessary controls to ensure that the Sheriff's Office properly reviews all required information on the SCAAP application for completeness and accuracy prior to its submission to OMB. In addition, to ensure compliance with 28 Code of Federal Regulations §66.42, all supporting documentation used to complete the application must be retained. Furthermore, OMB should verify that all data was reviewed for accuracy prior to completing the SCAAP application.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2002

02-102

CFDA No.: 93.151 **Health Center Grants for Homeless Populations**

**U.S. Department of Health and Human Services**

Award Year: November 1, 2000 through October 31, 2001

Award Number: 5H66CS00459-14

Period of Availability

Questioned Cost—\$13,226

The Department of Public Health did not establish specific controls to ensure that all program costs charged to the award period resulted from obligations incurred during such period. The lack of these controls resulted in \$13,226 of expenditures, incurred from November 2001 through January 2002, that were charged to an expired award period. To help ensure compliance with the grant contract, Public Health should establish and implement control policies and procedures that will ensure that all obligations charged to an award were incurred during the period of availability and are liquidated no later than 90 days after the award period.

02-103

CFDA No.: 93.230 **Consolidated Knowledge Development and Application (KD&A) Program**

**U.S. Department of Health and Human Services**

Award Year: October 1, 2000 through September 30, 2001

October 1, 2001 through September 30, 2002

Award Number: 1H79TI12401-01 and 1H79TI12401-02

Subrecipient Monitoring

Questioned Cost—Unknown

During fiscal year 2001-2002, the Adult Probation Department passed through \$241,754 to a subrecipient, but did not have a written contract with the subrecipient to advise the subrecipient of the imposed requirements. In addition, the Department did not have specific written policies and procedures for subrecipient monitoring, including policies and procedures requiring formal site visits, review of subrecipient detailed expenditure data, and an evaluation of subrecipient audit requirements. As a result, the Department did not comply with certain subrecipient monitoring policies and procedures prescribed by OMB Circular A-133, Subpart D, §.400(d). Specifically, the Department did not perform and document specific site visits and did not evaluate whether subrecipients expended greater than \$300,000 in federal awards to ensure they received an A-133 audit. As a result, the Department could not ensure that the subrecipient is complying with all applicable program requirements.

To ensure proper monitoring of subrecipients, the Department should follow the policies and procedures prescribed by OMB Circular A-133, Subpart D, §.400(d) and establish specific subrecipient monitoring policies and procedures, which include:

- A signed contract that details the specific award and grant program requirements;
- Monitoring subrecipients' activities as necessary to ensure compliance with program requirements. Such procedures should consist of specific site visits that include review of detailed expenditure supporting documentation;
- Evaluating whether each subrecipient meets the thresholds requiring an A-133 audit.

Maricopa County  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2002

This finding is considered to be a material internal control weakness and material noncompliance with the program's subrecipient monitoring requirement. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding.



# Maricopa County

Department of Finance

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**Tom Manos**

Chief Financial Officer

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May 15, 2003

Debbie Davenport

Auditor General

2910 North 44<sup>th</sup> Street, Suite 410

Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying corrective action plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's schedule of findings and questioned costs.

Sincerely,

Shelby Scharbach

Deputy Finance Director

**Maricopa County  
Corrective Action Plan  
Year Ended June 30, 2002**

**Federal Award Findings and Questioned Costs**

**02-101**

CFDA No.: 16.606 State Criminal Alien Assistance Program

Contact Person: Loretta Barkell, Sheriff's Chief Financial Officer, 602-256-1300 ext. 5436

Anticipated Completion Date: June 30, 2003

We concur that internal controls for proper review could have been stronger during the audit period covered.

Effective with the 2003 application, the Maricopa County Sheriff's Office will assume responsibility for gathering the correct data for the application submission and for following records retention requirements according to SCAAP Guidelines. Sheriff's Office Management will verify that all the data was reviewed for accuracy prior to completing the SCAAP application.

**02-102**

CFDA No.: 93.151 Health Center Grants for Homeless Populations

Contact Person: Scot Pitcairn, Finance & Budget, Department of Public Health, 602-506-6963

Anticipated Completion Date: October 31, 2003

For the award period ending October 31, 2002, the Public Health Department established and implemented policies and procedures to ensure that all obligations charged to an award were incurred during the period of availability and are liquidated no later than 90 days after the award period. The finding is a result of issues defined during March 2002. The Department will review the grant activity for fiscal year 2002 and make all the necessary corrections.

**02-103**

CFDA No.: 93.230 Consolidated Knowledge Development and Application (KD&A) Program

Contact Person: Jeff Trollinger, Program Manager, Adult Probation Department, (602) 506-6456

Anticipated Completion Date: September 1, 2003

This issue occurred primarily for two reasons. The original contract with this agency had expired and the classification of the agency as a vendor by Adult Probation was found to be incorrect during this audit.

**Maricopa County  
Corrective Action Plan  
Year Ended June 30, 2002**

The Adult Probation Department will take the following actions to ensure compliance with the audit finding. A new contract that details the specific award and grant program compliance requirements will be developed for the subrecipient. Any new grants with subrecipients will have a similar contract in place. Policies and procedures for subrecipient monitoring including formal site visits, reviews of subrecipient detailed expenditure data, and an evaluation of subrecipient audit requirements will be written. A site visit will be immediately scheduled with this subrecipient to review expenditure data and to determine if they meet the thresholds requiring an Office of Management and Budget Circular A-133 audit.



# Maricopa County

Department of Finance

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May 15, 2003

Debbie Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying summary schedule of prior audit findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs related to federal awards. This schedule also includes audit findings reported in the prior audit's summary schedule of prior audit findings that have not been corrected.

Sincerely,

Shelby Scharbach  
Deputy Finance Director

**Maricopa County**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2002**

**Status of Federal Award Findings and Questioned Costs**

**CFDA No. 16.579** – Byrne Formula Grant Program

**Finding No.** 00-102

**Status:** Fully corrected.

**CFDA No. 16.579** – Byrne Formula Grant Program

**Finding No.** 00-103

**Status:** Fully corrected.

**CFDA No. 20.205** – Highway Planning and Construction

**Finding No.** 00-105

**Status:** Partially corrected.

OMB Circular A-133 Subpart b, 210(e) requires a pass through entity to describe all applicable compliance requirements and the subrecipient's compliance responsibilities in its contracts with subrecipients. During fiscal year 01-02 the Department of Transportation only included Suspension and Debarment and Davis-Bacon Act compliance requirements in the contracts with subrecipients. The Department of Transportation will include all applicable compliance requirements in fiscal year 02-03 contracts with subrecipients. Contact person is Helen Ortiz-Silva, Contract Specialist (602) 506-4108.

**CFDA No. 93.153** – Coordinated HIV Services and Access to Research for Children, Youth, Women, and Families

**Finding No.** 00-106

**Status:** Fully corrected.

**CFDA No.: 93.151** – Health Center Grants for Homeless Populations

**Finding No.** 01-101

**Status:** Partially corrected.

The Public Health Department implemented controls to ensure that all program costs charged to the award period resulted from obligations incurred during the period. The grantor was contacted and advised of the issue. Public Health will send a letter to the grantor to confirm the verbal agreement made between Public Health and the grantor regarding the questioned amount. Contact person is Scot Pitcairn, Finance Manager (602) 506-6963.

**CFDA No.: 93.151** – Health Center Grants for Homeless Populations

**Finding No.** 01-102

**Status:** Fully corrected.

**CFDA No. 93.153** – Coordinated HIV Services and Access to Research for Children, Youth, Women, and Families

**Finding No.** 01-103

**Status:** Fully corrected.